

**NOBLE COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

May 31, 2007

TO THE CITIZENS OF  
NOBLE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Noble County, Oklahoma, for the fiscal year ended June 30, 2006. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our audit.

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

NOBLE COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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NOBLE COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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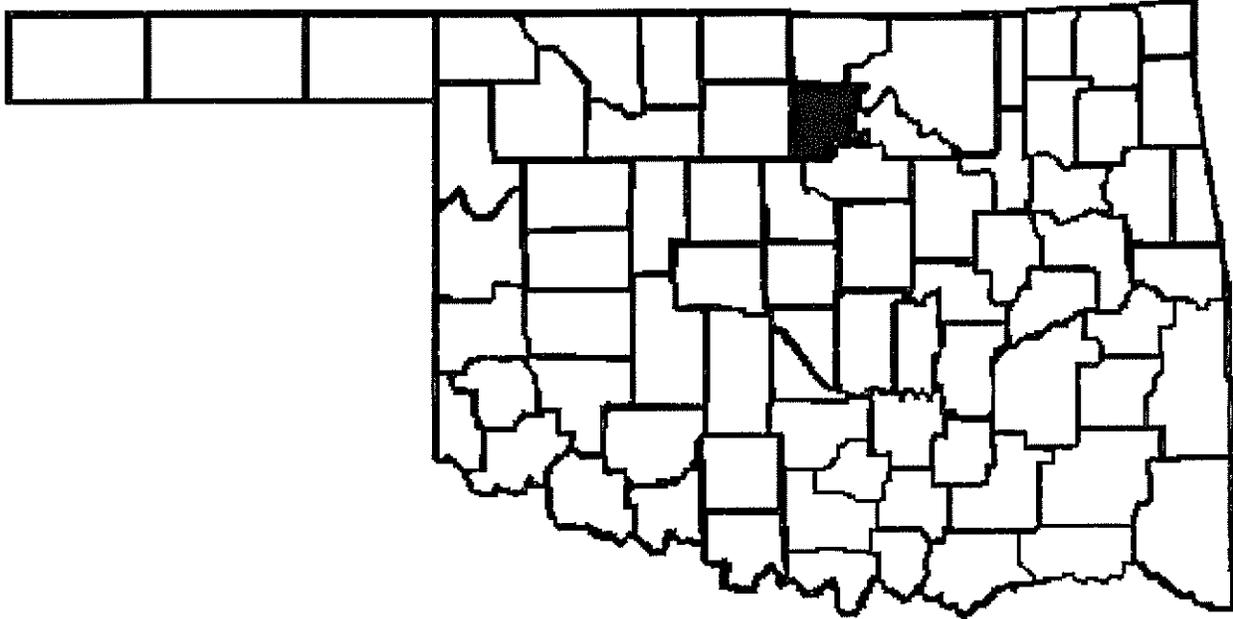
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REPORT TO THE CITIZENS  
OF  
NOBLE COUNTY, OKLAHOMA

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Originally known as County "P," Noble County was part of the original Cherokee Outlet. It was opened for settlement by the Land Run of September 16, 1893. The main source of income in Noble County is derived from agriculture. Industry consists of the Charles Machine Works, Inc., the world's largest manufacturer of service line trenchers, located in Perry, the county seat. Also located in Perry are; the Cherokee Strip Museum, the Stage Coach Community Theater, the Perry Memorial Hospital, and the YMCA.

County Seat – Perry

Area – 742.44 Square Miles

County Population – 11,233  
(2004 est.)

Farms – 766

Land in Farms – 395,344 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**NOBLE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**COUNTY ASSESSOR**  
Mary Moore  
(D) Perry

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

**COUNTY CLERK**  
Ronita Coldiron  
(D) Perry

The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

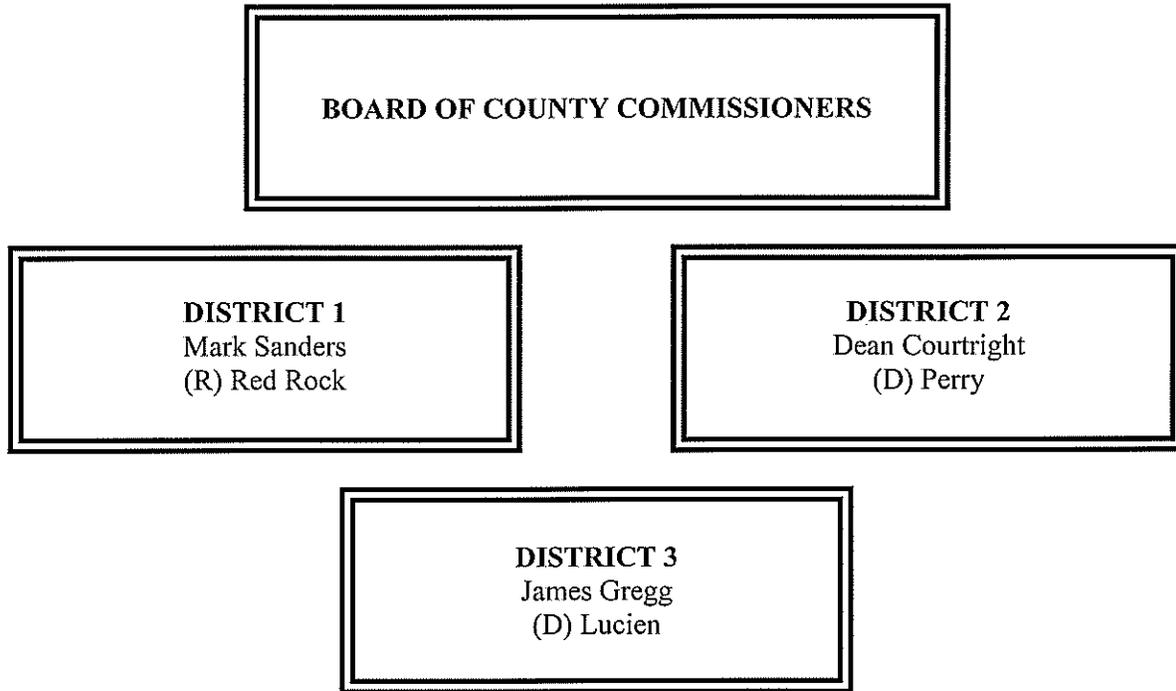
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**NOBLE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

**NOBLE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**COUNTY SHERIFF**  
Charlie Hanger  
(D) Perry

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

**COUNTY TREASURER**  
Rita Howry  
(R) Perry

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

**NOBLE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**COURT CLERK**  
Marilyn Mills  
(D) Perry

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

**DISTRICT ATTORNEY**  
Mark Gibson  
(R) Perry

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**NOBLE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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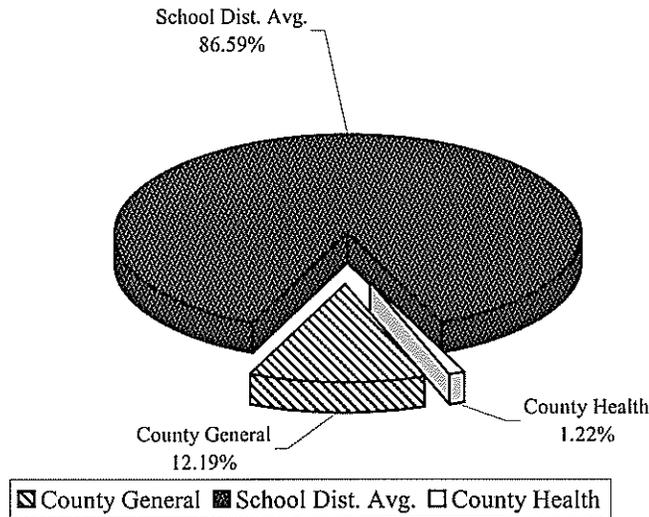
<b>ELECTION BOARD SECRETARY</b> Helen Webb (D) Perry
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The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

**NOBLE COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages							
			Gen.	Bldg.	Skg.	Career Tech	Common	Total	
Co. General	10.00								
County Health	1.00								
		Perry	1	35.00	5.00	15.33	15.00	4.00	74.33
		Billings	2	35.00	5.00	6.02		4.00	50.02
		Frontier	4	35.00	5.00	10.60		4.00	54.60
		Morrison	6	35.00	5.00	20.07	15.00	4.00	79.07
		Garfield	JT-47	35.00	5.00	22.98	15.00	4.00	81.98
		Garfield	JT-94	35.00	5.00	8.88	15.00	4.00	67.88
		Kay	JT-71	35.00	5.00	21.21		4.00	65.21
		Kay	JT-87	35.00	5.00	27.01		4.00	71.01
		Logan	JT-3	35.00	5.00	13.11	15.00	4.00	72.11
		Payne	JT-16	35.00	5.00	23.71	15.00	4.00	82.71
		Payne	JT-101	35.00	5.00	23.25	15.00	4.00	82.25

See independent auditor's report.

**NOBLE COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

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Total net assessed value as of January 1, 2005		<u>\$ 120,983,175</u>
Debt limit - 5% of total assessed value		6,049,159
Total bonds outstanding	3,800,000	
Total judgments outstanding	-	
Less cash in sinking fund	<u>835</u>	<u>3,799,165</u>
Legal debt margin		<u>\$ 2,249,994</u>

See independent auditor's report.

**NOBLE COUNTY, OKLAHOMA  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

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	2006
Estimated population	11,233
Net assessed value as of January 1, 2005	\$ 120,983,175
Gross bonded debt	3,800,000
Less available sinking fund cash balance	835
Net bonded debt	\$ 3,799,165
Ratio of net bonded debt to assessed value	3.14%
Net bonded debt per capita	\$ 338

See independent auditor's report.

**NOBLE COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

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<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2005	\$13,311,818	\$71,008,011	\$39,572,081	\$2,908,735	\$120,983,175	\$1,052,027,608

See independent auditor's report.

**FINANCIAL SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
NOBLE COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Noble County, Oklahoma, as of and for the year ended June 30, 2006, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Noble County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

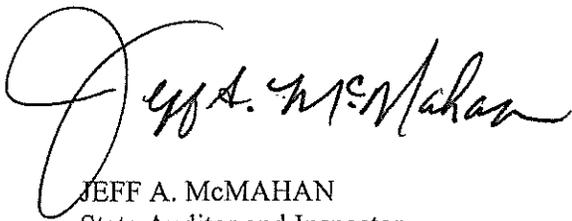
As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Noble County as of June 30, 2006, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Noble County, for the year ended June 30, 2006, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2007, on our consideration of Noble County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

A handwritten signature in black ink, reading "Jeff A. McMahon". The signature is written in a cursive, flowing style with a large initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

May 21, 2007

**Basic Financial Statement**

**NOBLE COUNTY, OKLAHOMA  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
(WITH COMBINING INFORMATION)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2006
Combining Information:				
County General Fund	\$ 686,053	\$ 1,561,942	\$ 1,510,565	\$ 737,430
Highway Cash	1,004,769	2,598,796	2,603,703	999,862
County Road Improvement	143,031	25,058	62,345	105,744
Bureau of Indian Affairs OTOE-STP	12,907	316,713	100,150	229,470
Illegal Dump Reward Fund	4,749			4,749
Resale Property	66,698	25,698	29,553	62,843
County Health	236,730	123,842	44,060	316,512
Health Cash Fund	974			974
Sheriff Service Fee	98,324	52,344	18,662	132,006
Sheriff Prisoner Care	9,796	3,985		13,781
Sheriff Training Fund	83			83
County Clerk Records Preservation	67,153	20,315	35,823	51,645
Treasurer Mortgage Certification Fee	5,606	3,240	2,176	6,670
Assessor Visual Inspection	4,365		3,376	989
Assessor Fees	9,829	3,404	2,690	10,543
CDBG Rural Water		250,000	250,000	
County Sinking Fund		835		835
Free Fair Sales Tax	88,647	134,878	106,464	117,061
OSU Extension Sales Tax	149,513	60,753	57,115	153,151
Rural Fire Dept. Sales Tax	261,909	196,441	262,875	195,475
Jail Sales Tax		190,595		190,595
Jail Building Bond Fund		3,803,979	231,220	3,572,759
County Clerk Lien Fees	17,134	10,482	7,305	20,311
<b>Combined Total- All County Funds</b>	<b>\$ 2,868,270</b>	<b>\$ 9,383,300</b>	<b>\$ 5,328,082</b>	<b>\$ 6,923,488</b>

The notes to the financial statement are an integral part of this statement.

NOBLE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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1. **Summary of Significant Accounting Policies**

**A. Reporting Entity**

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Noble County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

**B. Fund Accounting**

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the funds included as supplementary information within the financial statement:

General Fund - accounts for the general operations of the government.

Highway Cash - accounts for state, local and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

County Road Improvement – is used to accumulate extra highway cash collections for county road work.

Bureau of Indian Affairs OTOE-STP - accounts for a contract for road improvement with the Bureau of Indian Affairs.

Illegal Dump Reward Fund – accounts for rewards for illegal dump sites.

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and the disposition of same as restricted by statute.

County Health – accounts for monies collected on behalf of the County Health Department from ad valorem taxes and state and local revenues.

**NOBLE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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Health Cash Fund – accounts for a special cash fund of the County Health Department.

Sheriff Service Fee – accounts for the collection and disbursement of sheriff process service fees as restricted by statute.

Sheriff Prisoner Care – accounts for the Sheriff's expense of boarding prisoners.

Sheriff Training Fund – accounts for proceeds of property forfeitures used for training.

County Clerk Records Preservation – accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for records preservation.

Treasurer Mortgage Certification Fee – accounts for the collection of fees by the treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

Assessor Visual Inspection – accounts for the collection and expenditure of monies by the Assessor as restricted by state statute for the visual inspection program.

Assessor Fees – accounts for the collection of fees for copies restricted by state statute.

CDBG Rural Water – accounts for a federal grant for the rural water district.

County Sinking Fund – accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments.

Free Fair Sales Tax – accounts for the free fair portion of the County sales tax.

OSU Extension Sales Tax – accounts for OSU Extension's portion of the County sales tax.

Rural Fire Department Sales Tax - accounts for the fire department's portion of the County sales tax.

Jail Sales Tax – accounts for the County sales tax for the operation of the new jail.

Jail Building Bond Fund – revenues received from the sale of General Obligation Bonds for the construction of a new jail. Actual construction to begin in the fall of 2006.

County Clerk Lien Fees – accounts for the lien collections and disbursements as restricted by statute.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including school districts and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations.

**NOBLE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**C. Basis of Accounting**

The basic financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

**D. Budget**

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved by fund, office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

**E. Cash**

The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

**F. Investments**

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts

**NOBLE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured.

**G. Compensated Absences**

Vacation benefits are earned by the employee during the year and may not be accumulated. Employees with service years up to 10 years earn 10 days per year. Employees with service years exceeding 10 years earn 15 days per year. Vacation leave is accrued monthly.

Sick leave benefits are accrued at the rate of 10 hours per month and employees may accumulate up to 30 days. Sick leave is not paid upon termination.

**2. Ad Valorem Tax**

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

The assessed property value as of January 1, 2005, was approximately \$120,983,175.

The County levied 10.00 mills (the legal maximum) for general fund operations and 1.00 mill for county health department. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

**NOBLE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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Unpaid delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2006, were approximately 98.53 percent of the tax levy.

**3. Fuel Tax**

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

**4. Risk Management**

The County is exposed to the various risks of loss shown in the following table:

<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
General Liability <ul style="list-style-type: none"> <li>• Torts</li> <li>• Errors and Omissions</li> <li>• Law Enforcement Officers Liability</li> <li>• Vehicle</li> </ul>	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> <li>• Theft</li> <li>• Damage to Assets</li> <li>• Natural Disasters</li> </ul>		
Workers' Compensation <ul style="list-style-type: none"> <li>• Employees' Injuries</li> </ul>	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> <li>• Medical</li> <li>• Disability</li> <li>• Dental</li> <li>• Life</li> </ul>	The County carries commercial insurance.	None

**NOBLE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$10,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$125,000 for property, and up to \$1,000,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate workers' compensation claims and employees' insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

**5. Long-term Obligations**

**Capital Leases**

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all pieces of machinery subsequently acquired.

**General Obligation Bonds**

The government issued general obligation bonds to provide funds for the construction of a new county jail. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are required to be fully paid within 20 years from the date of issue. The first bond payment is due January 1, 2008, the first interest payment is due on July 1, 2007.

General obligation bonds currently outstanding are as follows:

General Obligation Bonds Series A	5.1-3.65%	\$2,100,000
General Obligation Bonds Series B	3.7-4.0%	<u>1,700,000</u>
Total		<u>\$3,800,000</u>

**NOBLE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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Future payments for the bonds currently outstanding are as presented in the schedule below:

	Principal	Interest	Total
6/30/2007	\$ -	\$ -	\$ -
6/30/2008	210,000	321,826	531,826
6/30/2009	210,000	137,825	347,825
6/30/2010	210,000	127,115	337,115
6/30/2011	210,000	116,405	326,405
6/30/2012-6/30/2016	1,050,000	480,280	1,530,280
6/30/2017-6/30/2021	1,050,000	293,905	1,343,905
6/30/2022-6/30/2025	860,000	87,200	947,200
	\$ 3,800,000	\$ 1,564,556	\$ 5,364,556

**6. Pension Plan**

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004 were \$196,290, \$166,347, and \$167,056, respectively, equal to the required contributions for each year.

**7. Other Post Employment Benefits (OPEB)**

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**NOBLE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**8. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**9. Sales Tax**

The voters of Noble County approved a permanent one-quarter percent sales tax effective March 1, 2002. The sales tax was established to provide revenue for the following:

Noble County Free Fair Board	70%
OSU Extension Office in Noble County	30%

The voters of Noble County also approved a one-quarter percent sales tax effective January 1, 2003. This sales tax shall be of a limited duration of three years and shall terminate December 31, 2006. The sales tax was established to provide for revenue to be equally apportioned among all fire departments belonging to the Noble County Public Safety Association in Noble County, Oklahoma.

The voters of Noble County approved to extend the one-quarter percent sales tax effective January 1, 2006, for the fire departments. The sales tax is for a five-year duration and will terminate on December 31, 2010.

**OTHER SUPPLEMENTARY INFORMATION**

**NOBLE COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 686,053	\$ 686,053	\$ 686,053	\$ -
Less: Prior Year Outstanding Warrants	(104,996)	(104,996)	(104,996)	
Less: Prior Year Encumbrances	(18,128)	(18,128)	(13,481)	4,647
Beginning Cash Balances, Budgetary Basis	<u>562,929</u>	<u>562,929</u>	<u>567,576</u>	<u>4,647</u>
Receipts:				
Ad Valorem Taxes	1,099,847	1,099,847	1,197,422	97,575
Charges for Services	77,681	77,681	88,165	10,484
Intergovernmental Revenues	199,627	199,627	229,971	30,344
Miscellaneous Revenues	14,094	15,433	46,384	30,951
Total Receipts, Budgetary Basis	<u>1,391,249</u>	<u>1,392,588</u>	<u>1,561,942</u>	<u>169,354</u>
Expenditures:				
District Attorney	32,950	32,950	32,864	86
Total District Attorney	<u>32,950</u>	<u>32,950</u>	<u>32,864</u>	<u>86</u>
County Sheriff	331,891	331,548	327,910	3,638
Capital Outlay	1	501		501
Total County Sheriff	<u>331,892</u>	<u>332,049</u>	<u>327,910</u>	<u>4,139</u>
County Treasurer	92,595	92,685	90,090	2,595
Capital Outlay	1	1		1
Total County Treasurer	<u>92,596</u>	<u>92,686</u>	<u>90,090</u>	<u>2,596</u>
County Commissioners	42,198	42,198	41,194	1,004
Total County Commissioners	<u>42,198</u>	<u>42,198</u>	<u>41,194</u>	<u>1,004</u>
County Clerk	117,519	118,859	106,849	12,010
Capital Outlay	1	1		1
Total County Clerk	<u>117,520</u>	<u>118,860</u>	<u>106,849</u>	<u>12,011</u>
Court Clerk	89,096	89,096	88,494	602
Capital Outlay	1	1		1
Total Court Clerk	<u>89,097</u>	<u>89,097</u>	<u>88,494</u>	<u>603</u>
County Assessor	72,686	72,981	70,942	2,039
Capital Outlay	1	151	82	69
Total County Assessor	<u>72,687</u>	<u>73,132</u>	<u>71,024</u>	<u>2,108</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**NOBLE COUNTY, OKLAHOMA  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	144,558	144,442	118,827	25,615
Capital Outlay	1,000	1,116	116	1,000
Total Revaluation of Real Property	<u>145,558</u>	<u>145,558</u>	<u>118,943</u>	<u>26,615</u>
Juvenile Shelter Bureau	4,500	4,500	2,133	2,367
Total Juvenile Shelter Bureau	<u>4,500</u>	<u>4,500</u>	<u>2,133</u>	<u>2,367</u>
General Government	171,725	170,966	137,583	33,383
Capital Outlay	1	801	515	286
Total General Government	<u>171,726</u>	<u>171,767</u>	<u>138,098</u>	<u>33,669</u>
Excise-Equalization Board	2,701	2,701	2,016	685
Total Excise-Equalization Board	<u>2,701</u>	<u>2,701</u>	<u>2,016</u>	<u>685</u>
County Election Board	51,990	50,387	49,194	1,193
Capital Outlay	1	2,301	1,097	1,204
Total County Election Board	<u>51,991</u>	<u>52,688</u>	<u>50,291</u>	<u>2,397</u>
Insurance	699,654	699,563	360,688	338,875
Total Insurance	<u>699,654</u>	<u>699,563</u>	<u>360,688</u>	<u>338,875</u>
Purchasing Agent	29,710	29,710	24,750	4,960
Capital Outlay	1	1	1	1
Total Purchasing Agent	<u>29,711</u>	<u>29,711</u>	<u>24,750</u>	<u>4,961</u>
Charity	1,000	1,000	885	115
Total Charity	<u>1,000</u>	<u>1,000</u>	<u>885</u>	<u>115</u>
Recording Account	26,391	25,051	24,870	181
Capital Outlay	1	1	1	1
Total Recording Account	<u>26,392</u>	<u>25,052</u>	<u>24,870</u>	<u>182</u>
Civil Defense	752	752	752	752
Capital Outlay	2,500	2,500	2,500	2,500
Total Civil Defense	<u>3,252</u>	<u>3,252</u>	<u>-</u>	<u>3,252</u>
Highway Budget Account	24,902	24,902	23,470	1,432
Capital Outlay	1	1	1	1
Total Highway Budget Account	<u>24,903</u>	<u>24,903</u>	<u>23,470</u>	<u>1,433</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**NOBLE COUNTY, OKLAHOMA  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Audit Budget	<u>12,098</u>	<u>12,098</u>	<u>          </u>	<u>12,098</u>
Total County Audit Budget	<u>12,098</u>	<u>12,098</u>	<u>          </u>	<u>12,098</u>
Cemetery Account	251	251		251
Capital Outlay	<u>1</u>	<u>1</u>	<u>          </u>	<u>1</u>
Total Cemetery Account	<u>252</u>	<u>252</u>	<u>          </u>	<u>252</u>
Provision for Interest on Warrants	1,500	1,500		1,500
Total Expenditures, Budgetary Basis	<u>1,954,178</u>	<u>1,955,517</u>	<u>1,504,569</u>	<u>450,948</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$          -</u>	<u>\$          -</u>	624,949	<u>\$  624,949</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			5,657	
Add: Current Year Outstanding Warrants			<u>106,824</u>	
Ending Cash Balance			<u>\$  737,430</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**NOBLE COUNTY, OKLAHOMA  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—  
COUNTY HEALTH DEPARTMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 236,730	\$ 236,730	\$ 236,730	\$ -
Less: Prior Year Outstanding Warrants	(1,571)	(1,571)	(1,571)	
Less: Prior Year Encumbrances	(415)	(415)	(233)	182
Beginning Cash Balances, Budgetary Basis	<u>234,744</u>	<u>234,744</u>	<u>234,926</u>	<u>182</u>
Receipts:				
Ad Valorem Taxes	115,222	115,222	119,700	4,478
Charges for Services		4,116	4,116	
Intergovernmental			26	26
Total Receipts, Budgetary Basis	<u>115,222</u>	<u>119,338</u>	<u>123,842</u>	<u>4,504</u>
Expenditures:				
Health and Welfare	93,000	47,116	44,602	2,514
Capital Outlay	256,966	306,966	306,966	
Total Expenditures, Budgetary Basis	<u>349,966</u>	<u>354,082</u>	<u>351,568</u>	<u>2,514</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	7,200	<u>\$ 7,200</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			308,071	
Add: Current Year Outstanding Warrants			1,241	
Ending Cash Balance			<u>\$ 316,512</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**NOBLE COUNTY, OKLAHOMA  
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES—SINKING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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Beginning Cash Balance	\$ -
Receipts:	
Miscellaneous	835
Total Receipts	<u>835</u>
Disbursements:	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u>\$ 835</u>

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**NOBLE COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**1. Budgetary Schedules**

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis, for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year, unencumbered appropriations lapse.

**2. Sinking Fund Schedule**

Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

TO THE OFFICERS OF  
NOBLE COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Noble County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Noble County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 21, 2007. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Noble County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Noble County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying schedule of findings and responses as item 1998-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Noble County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to the management of Noble County, which are included in Section 2 of the schedule of findings and responses contained in this report.

This report is intended solely for the information and use of Noble County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



JEFF A. McMAHAN  
State Auditor and Inspector

May 21, 2007

**NOBLE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**SECTION —Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 1998-1—Segregation of Duties (Repeat Finding)**

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources.

Condition: The limited number of office personnel within several County offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

**SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management's attention. We recommend that management consider these matters and take appropriate corrective action.**

**Finding 2006-1—Sheriff's Official Depository (Repeat Finding)**

Criteria: Title 28 O.S. § 9 states, "Every officer charging fees shall give a receipt therefor."

Condition: The County Sheriff did not issue receipts for all monies collected as required by statute.

Recommendation: We recommend the Sheriff's office issue duplicate receipts for all monies collected.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings and will implement procedures to verify all monies collected are properly receipted.

**NOBLE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**Finding 2006-2—Free Fair Receipts (Repeat Finding)**

Criteria: Title 28 O.S. § 9 states, “Every officer charging fees shall give a receipt therefor.” The County Free Fair Board is depositing into the County’s Official Depository.

Condition: The County Free Fair Board collections do not show amount receipted, date, or whether the funds received were cash or checks.

Recommendation: We recommend the Free Fair Board issue pre-numbered duplicate receipts for all monies collected. Additionally, each receipt should contain the payee, the date, whether the payment is cash or check, and the amount paid.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings and will implement procedures to verify receipts are written for all monies collected and each receipt denotes payee, amount and whether the payment was cash or check.